Iowa Broadband Deployment Governance Board
Application Evaluation Criteria Sub-Committee
August 26, 2009

The second Application Evaluation Criteria Sub-Committee meeting of the Iowa Broadband Deployment Governance Board was held on Wednesday, August 26, 2009 at the Iowa Communications Network's, Thompson Conference Room, Grimes State Office Building, 400 E. 14th St, Des Moines, IA 50319.

Sub-Committee Board members present were: Edward Pardini, Thomas Hart, Roxanne White, and Mike Haskins.

Pardini called the meeting to order at 10:02 AM. The main discussion for the meeting was to continue the development of an evaluation process, including scoring, for the Broadband Deployment Grants.

Pardini explained the scoring sheet, (Appendix A) he developed for Sub-Committee discussion. The scoring sheet was based upon the BTOP/BIP application. After Pardini's explanation the Sub-Committee began evaluating the scoring sheet.

White asked if the scoring committee would have some guidelines/criteria to use.

Pardini said the scoring is all relative to applications. It depends on the scope of each project(s). Applicants will need to provide the federal application to show the business plan, coverage area, amount served, etc…

Haskins said that the break-even point/timeframe is important per application.

The Sub-Committee discussed how applicants will not be able to score for both unserved and underserved.

Question - How would the scoring impact applicants with middle-mile projects?

There was much discussion with the Sub-Committee concerning middle-mile projects. There was a general agreement that the Sub-Committee does not need to adapt the scoring to middle mile projects.

Hart asked how price fits into the scoring process.

There was much discussion with the Sub-Committee concerning affordability.

Hart added that many providers require the customer to purchase multiple services to get a reasonable price, which isn't acceptable. Broadband needs to be evaluated as an "ala carte" service.

Haskins said as part of the application, the applicants need to do their homework and price broadband accordingly.

Whitman said she had a concern with the wording "with similar published rates of other markets"; the federal standards are in the proposed funded service area. Is the State going to get the external information that was referenced in the federal application?

Minutes taken by: Lori Larsen (ICN)

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Meeting minutes approved at the September 11, 2009 meeting

There was much discussion concerning the "Affordability of Services Offered" section relating to the proposed rate structure consistent with similar published rates of other providers in other markets. Whitman will work with Adam Humes, Attorney General's Office, on the rewording of that section for the administrative rules draft.

Project Purpose Discussion:

The Sub-Committee discussed the points under Project Purpose. The sub-committee decided to add the items below for the "Public/Private Partnership":
> (a) Priority shall be given under the plan to applications submitted by qualified private providers of high-speed broadband services. *[Possible scoring up to 10 pts]*
> (b) The plan shall require collaboration involving qualified private providers and public entities, as appropriate. *[Possible scoring up to 5 pts]*
> (c) The plan shall allow for the participation of public entities to accomplish project purposes that are financially feasible in areas of the state that remain unserved or underserved as a result of a lack of private sector investment. *[Possible scoring up to 3 pts]*. *Scoring points may be revised later.*

Sub-Committee discussed removing the "vulnerable population" section from the evaluation criteria.

Project Benefits Discussion:
The sub-committee outlined speeds for wireless and wireline. At the Board meeting, there was discussion determining speed.

Whitman said the federal application was clear that they would be technology neutral. However in their evaluation categories they made separate sections for wireless and wireline. They created a tier system for both.

Haskins said our real goal is to increase the speeds of broadband to Iowans. Sub-Committee agreed on using advertised speeds verses average speeds. Haskins would like to double the speeds for Wireless. The wireless speeds were tabled, and Haskins will provide the sub-committee with revised wireless speeds.

Synchronous [up-steam equals downstream speeds] verses Asynchronous
Requiring synchronous services would be an inhibiter to the application.

Q – What percentage would be synchronous?   Answer: Low, and the price will be high.

Sub-Committee discussed adding to the evaluation a question concerning synchronous technology (*points awarded are still to be determined*). Sub-Committee would like to add a check box to indicate if the applicant proposes synchronous technology.

Whitman asked does developing synchronous technology upgrade a network?

Sub-Committee discussed adding a question as: For projects greater than 3 Mbps, does the applicant contemplate a synchronous service?

Affordability of Services Offered – Discussed previously in the meeting.

Minutes taken by: Lori Larsen (ICN)

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Speed of Completion – no additional discussion

Hart asked how many jobs are created and what is the quality of those jobs?

Humes discussed that in SF 376 [IJOBS] – The first part of the bill establishes the bonding and finance. The language regarding the broadband grants doesn't discuss jobs. He thought it would be best to leave the jobs aside, and the ultimate goal is providing broadband to Iowans.

There was much discussion concerning jobs created.

Whitman asked Humes about the verbiage in the statue that says "for the benefit of Iowans". She asked about creating a general category regarding the impact of the community. The Board may see information based on jobs, but the Board would not have the authority to score on jobs.

Humes said the Sub-Committee could have a "catch-all" category that would include the benefit of bring broadband to the community.

Sub-Committee discussed possible criteria under project benefits called Community Impact. Applicants will be evaluated on the project based on the community impact, economic impact, and the number of jobs created and saved.

Project Viability Discussion:

Complete Funding – group agreed, no additional discussion
Applicant's Track Record – group agreed, no additional discussion
Financial Metrics – Sub-Committee discussed to add "What is the return on the investment during a period of time?"

Sustainability Discussion:

Funding Leverage – applicant providing $10 of private funding for every $1 of government funding.
    (i)   10 points if ratio is 10:1 or better
    (ii) 7 points if ratio is between 5.0:1 and 9.9:1
    (iii) 5 points if the ratio is between 3.0:1 and 4.9:1
    (iv) 1 point for ratios greater than or equal to 1:1

The sub-committee discussed having a Debt to Leverage ratio, which would be necessary for the BIP projects?

Pardini said it was his understanding that someone from IDED would be completing the financials. Hart has not discussed that internally with his staff, but will table the topic for later discussion.

Sector Scoring Discussion:
Sub-Committee decided not to have a minimum score for applications.

Whitman informed the group that there will be language in the rules that will allow the board to reject an application.
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<u>Suggestion of allocating points in the four categories:</u>
Sub-Committee agreed to have 25 points per category.

Whitman said the federal government included all point distribution and allocation information in their NOFA and said that future NOFAs may change. If the NOFA changes, the federal government will need to review the rules and adjust as needed which may include going through the public notice and public comments process.

Whitman also said that the Iowa Broadband Deployment Governance Board, being a public body, can't have too much flexibility. There are administrative rules requirements that involve public meetings, public notices, and opportunity for comments. With the administrative rules, one can't have too much flexibility.

Whitman will modify the rules draft for the entire Board meeting schedule for Friday, August 28 at 10 AM.

Tami Fujinaka informed the Sub-Committee about the Grant Management System.

The next sub-committee meeting will be held Friday, August 28, at the Iowa Utilities Board, Conference Room 1, 350 Maple Street, Des Moines, Iowa at 9:30 AM.

Pardini adjourned the meeting at 12:42 PM.

Minutes taken by: Lori Larsen (ICN)

(Appendix A)

BROADBAND DEPLOYMENT APPLICATION

Criteria	Method	Points	Score
		Total	**0**
PROJECT PURPOSE			
Statutory Purpose			
Unserved Areas	1 point for every 1,000 unserved households	8 pt. max	
Underserved Areas	1 point for every 1,000 underserved households	8 pt. max	
Public/Private Partnership	Does the project advance both public and private interests?	1-5	
Service to Vulnerable Populations	To what extent will broadband be made available to vulnerable populations?	1-6	
PROJECT BENEFITS			
Speeds Above Federal Minimums	*Based on Last Mile Speeds*		
Wireline Providers	Upstream Speed >= 512 Kps, Downstream between 1 Mbs to 5 Mbs	4 pt	
	Upstream Speed >= 768 Kps, Downstream > 5 Mbs to 8 Mbs	8 pt	
	Upstream Speed >= 1 Mbps, Downstream > 8 Mbs to 10 Mbs	12 pt	
	Upstream Speed > 1 Mbs, Downstream > 10 Mbs	16 pt	
Wireless Providers	Upstream Speed >= 512 Kps, Downstream between 768 Kps to 1 Mbs	4 pt	
	Upstream Speed >= 768 Kps, Downstream > 1.0 Mbs to 1.5 Mbs	8 pt	
	Upstream Speed >= 1 Mbps, Downstream > 1.5 Mbs to 2 Mbs	12 pt	
	Upstream Speed > 1 Mbs, Downstream > 2 Mbs	16 pt	
Affordability of Services Offered	Is the proposed rate structure consistent with similar published rates of other providers in other markets?	1-5	
Speed of Completion	How quickly will the project make available the proposed services to at least one-half of the households in the proposed area?	1-5	
PROJECT VIABILITY			
Complete Funding	To what extent will the project not require any additional funding from the State in the course of normal operations?	1-5	
Applicant's Track Record	Does the applicant possess a record of accomplishment for similar projects?	1-10	
Financial Metrics	How does the project compare to similar projects? (i.e., Net Present Value, Payback, Break-Even Analysis, Capital Cost Per Household, etc.)	1-10	
PROJECT BUDGET AND SUSTAINABILITY			
Reasonableness of the budget	Points awarded based on adequacy and completeness of the proposed budget	1-15	
Funding Leverage (Outside funding/government funding)	(i) 10 points if ratio is 10:1 or better, (ii) 7 points if ratio is between 5.0:1 and 9.9:1, (iii) 5 points if the ratio is between 3.0:1 and 4.9:1, and 1 point for ratios greater than or equal to 1:1	1-15	

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